



3015 (02-09-04)

ANNUAL REPORT

OF

Name: TOWN OF PORTLAND SANITARY DISTRICT #1

Principal Office: C/O ANGES YANKE
P.O. BOX 142
WATERLOO, WI 53594

For the Year Ended: DECEMBER 31, 1997

WATER, ELECTRIC, OR JOINT UTILITY
TO
PUBLIC SERVICE COMMISSION OF WISCONSIN

P.O. Box 7854
Madison, WI 53707-7854
(608) 266-3766

This form is required under Wis. Stat. § 196.07. Failure to file the form by the statutory filing date can result in the imposition of a penalty under Wis. Stat. § 196.66. The penalty which can be imposed by this section of the statutes is a forfeiture of not less than \$25 nor more than \$5,000 for each violation. Each day subsequent to the filing date constitutes a separate and distinct violation. The filed form is available to the public and personally identifiable information may be used for purposes other than those related to public utility regulation.

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IDENTIFICATION AND OWNERSHIP

Exact Utility Name: TOWN OF PORTLAND SANITARY DISTRICT #1**Utility Address:** C/O ANGES YANKE

P.O. BOX 142

WATERLOO, WI 53594

When was utility organized? 3/10/1970**Report any change in name:****Effective Date:****Utility Web Site:**

Utility employee in charge of correspondence concerning this report:

Name: AGNES YANKE**Title:** SECRETARY**Office Address:**

P.O. BOX 142

WATERLOO, WI 53594

Telephone: (920) 478 - 4076**Fax Number:****E-mail Address:**

Individual or firm, if other than utility employee, preparing this report:

Name: WILLIAM SMITH & ASSOCIATES, SC**Title:****Office Address:** WILLIAM SMITH & ASSOCIATES, SC

39 NORTH WASHINGTON

P.O. BOX 197

ELKHORN, WI 53121

Telephone: (414) 723 - 6363**Fax Number:** (414) 723 - 3280**E-mail Address:**

Are records of utility audited by individuals or firms, other than utility employee? YES

Individual or firm, if other than utility employee, auditing utility records:

Name: WILLIAM SMITH & ASSOCIATES, SC**Title:****Office Address:** WILLIAM SMITH & ASSOCIATES, SC

39 NORTH WASHINGTON

P.O. BOX 197

ELKHORN, WI 53121

Telephone: (414) 723 - 6363**Fax Number:** (414) 723 - 3280**E-mail Address:****Date of most recent audit report:** 3/26/1998**Period covered by most recent audit:** 1997

IDENTIFICATION AND OWNERSHIP

Names and titles of utility management including manager or superintendent:

Name: NONE**Title:****Office Address:****Telephone:****Fax Number:****E-mail Address:**

Name of utility commission/committee: TOWN OF PORTLAND SANITARY DISTRICT BOARD

Names of members of utility commission/committee:

DARYL BATZLER, PRESIDENT

JEFF ROBBINS, COMMISSIONER

AGNES YANKES, SECRETARY

Is sewer service rendered by the utility? NO**If "yes," has the municipality, by ordinance, combined the water and sewer service into a single public utility, as provided by Wis. Stat. § 66.077 of the Wisconsin Statutes?** NO**Date of Ordinance:** **Are any of the utility administrative or operational functions under contract or agreement with an outside provider for the year covered by this annual report and/or current year (i.e., operation of water or sewer treatment plant)?** NO

Provide the following information regarding the provider(s) of contract services:

Firm Name:**Contact Person:****Title:****Telephone:****Fax Number:****E-mail Address:**

Contract/Agreement beginning-ending dates:**Provide a brief description of the nature of Contract Operations being provided:**

INCOME STATEMENT

Particulars (a)	This Year (b)	Last Year (c)	
UTILITY OPERATING INCOME			
Operating Revenues (400)	11,047	11,254	1
Operating Expenses:			
Operation and Maintenance Expense (401)	7,715	5,369	2
Depreciation Expense (403)	2,224	2,208	3
Amortization Expense (404)	0		4
Taxes (408)	0		5
Total Operating Expenses	9,939	7,577	
Net Operating Income	1,108	3,677	
Income from Utility Plant Leased to Others (412-413)	0		6
Utility Operating Income	1,108	3,677	
OTHER INCOME			
Income from Merchandising, Jobbing and Contract Work (415-416)	0		7
Nonoperating Rental Income (418)	0		8
Interest and Dividend Income (419)	3,901	3,455	9
Miscellaneous Nonoperating Income (421)	24,944	28,188	10
Total Other Income	28,845	31,643	
Total Income	29,953	35,320	
MISCELLANEOUS INCOME DEDUCTIONS			
Miscellaneous Amortization (425)	0		11
Other Income Deductions (426)	0		12
Total Miscellaneous Income Deductions	0	0	
Income Before Interest Charges	29,953	35,320	
INTEREST CHARGES			
Interest on Long-Term Debt (427)	1,066	2,470	13
Amortization of Debt Discount and Expense (428)	389	41	14
Amortization of Premium on Debt--Cr. (429)			15
Interest on Debt to Municipality (430)	0		16
Other Interest Expense (431)	0		17
Interest Charged to Construction--Cr. (432)			18
Total Interest Charges	1,455	2,511	
Net Income	28,498	32,809	
EARNED SURPLUS			
Unappropriated Earned Surplus (Beginning of Year) (216)	119,362	86,553	19
Balance Transferred from Income (433)	28,498	32,809	20
Miscellaneous Credits to Surplus (434)	0		21
Miscellaneous Debits to Surplus--Debit (435)	0		22
Appropriations of Surplus--Debit (436)	0		23
Appropriations of Income to Municipal Funds--Debit (439)	0		24
Total Unappropriated Earned Surplus End of Year (216)	147,860	119,362	

INCOME STATEMENT ACCOUNT DETAILS

1. Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.
2. Nonregulated sewer income should be reported as Miscellaneous Nonoperating Income, Account 421.

Description of Item (a)	Amount (b)	
Revenues from Utility Plant Leased to Others (412):		
NONE		1
Total (Acct. 412):	0	
Expenses of Utility Plant Leased to Others (413):		
NONE		2
Total (Acct. 413):	0	
Nonoperating Rental Income (418):		
NONE		3
Total (Acct. 418):	0	
Interest and Dividend Income (419):		
INTEREST EARNED ON SPECIAL FUNDS & OPERATING REV.	3,901	4
Total (Acct. 419):	3,901	
Miscellaneous Nonoperating Income (421):		
SEWER REVENUES	24,944	5
Total (Acct. 421):	24,944	
Miscellaneous Amortization (425):		
NONE		6
Total (Acct. 425):	0	
Other Income Deductions (426):		
NONE		7
Total (Acct. 426):	0	
Miscellaneous Credits to Surplus (434):		
NONE		8
Total (Acct. 434):	0	
Miscellaneous Debits to Surplus (435):		
NONE		9
Total (Acct. 435)--Debit:	0	
Appropriations of Surplus (436):		
Detail appropriations to (from) account 215		10
Total (Acct. 436)--Debit:	0	
Appropriations of Income to Municipal Funds (439):		
NONE		11
Total (Acct. 439)--Debit:	0	

INCOME FROM MERCHANDISING, JOBBING & CONTRACT WORK (ACCTS. 415-416)

Particulars (a)	Water (b)	Electric (c)	Sewer (d)	Gas (e)	Total (f)	
Revenues (account 415)					0	1
Costs and Expenses of Merchandising, Jobbing and Contract Work (416):						
Cost of merchandise sold					0	2
Payroll					0	3
Materials					0	4
Taxes					0	5
Other (list by major classes):					0	6
Total costs and expenses	0	0	0	0	0	
Net income (or loss)	0	0	0	0	0	

REVENUES SUBJECT TO WISCONSIN REMAINDER ASSESSMENT

1. Report data necessary to calculate revenue subject to Wisconsin remainder assessment pursuant to Wis. Stat. § 196.85(2) and Wis. Admin. Code Ch. PSC 5.
2. If the sewer department is not regulated by the PSC, do not report sewer department data in column (d).

Description (a)	Water Utility (b)	Electric Utility (c)	Sewer Utility (Regulated Only) (d)	Gas Utility (e)	Total (f)	
Total operating revenues	11,047	0	0	0	11,047	1
Less: interdepartmental sales	0		0	0	0	2
Less: interdepartmental rents					0	3
Less: return on net investment in meters charged to regulated sewer department. (Do not report if nonregulated sewer.)	0				0	4
Less: uncollectibles directly expensed as reported in water acct. 904 (690 class D), sewer acct. 843, and electric acct. 904 (590 class D) -or- Net write-offs when Accumulated Provision for Uncollectible Accounts (acct. 144) is maintained					0	5
Other Increases or (Decreases) to Operating Revenues - Specify:						
.					0	6
Revenues subject to Wisconsin Remainder Assessment	11,047	0	0	0	11,047	

BALANCE SHEET

Assets and Other Debits (a)	Balance End of Year (b)	Balance First of Year (c)	
UTILITY PLANT			
Utility Plant (100)	139,885	138,883	1
Less: Accumulated Provision for Depreciation and Amortization of Utility Plant (110)	27,981	25,758	2
Net Utility Plant	111,904	113,125	
OTHER PROPERTY AND INVESTMENTS			
Nonutility Property (121)	219,405	218,505	3
Less: Accumulated Provision for Depreciation and Amortization of Nonutility Property (122)	70,910	67,415	4
Net Nonutility Property	148,495	151,090	
Investment in Municipality (123)	0		5
Other Investments (124)	0		6
Special Funds (125)	12,166	11,781	7
Total Other Property and Investments	160,661	162,871	
CURRENT AND ACCRUED ASSETS			
Cash and Working Funds (131)	76,223	62,610	8
Temporary Cash Investments (132)			9
Notes Receivable (141)	0		10
Customer Accounts Receivable (142)	1,520	1,905	11
Other Accounts Receivable (143)	5,773	7,143	12
Accumulated Provision for Uncollectible Accounts- -Cr. (144)	0	0	13
Receivables from Municipality (145)	0	8,000	14
Materials and Supplies (150)	0	0	15
Prepayments (165)	676	649	16
Other Current and Accrued Assets (170)			17
Total Current and Accrued Assets	84,192	80,307	
DEFERRED DEBITS			
Unamortized Debt Discount and Expense (181)	1	389	18
Extraordinary Property Losses (182)	0		19
Other Deferred Debits (183)	0		20
Total Deferred Debits	1	389	
Total Assets and Other Debits	356,758	356,692	

BALANCE SHEET

Liabilities and Other Credits (a)	Balance End of Year (b)	Balance First of Year (c)	
PROPRIETARY CAPITAL			
Capital Paid in by Municipality (200)	10,936	10,936	21
Appropriated Earned Surplus (215)			22
Unappropriated Earned Surplus (216)	147,860	119,362	23
Total Proprietary Capital	158,796	130,298	
LONG-TERM DEBT			
Bonds (221)	1	30,000	24
Advances from Municipality (223)	0		25
Other long-Term Debt (224)	0		26
Total Long-Term Debt	1	30,000	
CURRENT AND ACCRUED LIABILITIES			
Notes Payable (231)	0		27
Accounts Payable (232)	4,022	1,831	28
Payables to Municipality (233)	0		29
Customer Deposits (235)			30
Taxes Accrued (236)	0	0	31
Interest Accrued (237)	0	625	32
Other Current and Accrued Liabilities (238)			33
Total Current and Accrued Liabilities	4,022	2,456	
DEFERRED CREDITS			
Unamortized Premium on Debt (251)	0		34
Customer Advances for Construction (252)			35
Other Deferred Credits (253)	0		36
Total Deferred Credits	0	0	
OPERATING RESERVES			
Miscellaneous Operating Reserves (265)			37
Total Operating Reserves	0	0	
CONTRIBUTIONS IN AID OF CONSTRUCTION			
Contributions in Aid of Construction (271)	193,938	193,938	38
Total Liabilities and Other Credits	356,757	356,692	

NET UTILITY PLANT

Report utility plant accounts and related accumulated provisions for depreciation and amortization after allocation of common plant accounts and related provisions for depreciation and amortization to utility departments as of December 31.

Particulars (a)	Water (b)	Sewer (c)	Gas (d)	Electric (e)	
Plant Accounts:					
Utility Plant in Service (100)	139,885	0	0	0	1
Utility Plant Purchased or Sold (391)					2
Utility Plant in Process of Reclassification (392)					3
Utility Plant Leased to Others (393)					4
Property Held for Future Use (394)					5
Construction Work in Progress (395)					6
Utility Plant Acquisition Adjustments (396)					7
Other Utility Plant Adjustments (397)					8
Total Utility Plant	139,885	0	0	0	
Accumulated Provision for Depreciation and Amortization:					
Accumulated Provision for Depreciation of Utility Plant in Service (110)	27,981	0	0	0	9
Total Accumulated Provision	27,981	0	0	0	
Net Utility Plant	111,904	0	0	0	

ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF UTILITY PLANT

Depreciation Accruals (Credits) during the year:

1. Report the amounts charged in the operating sections to Depreciation Expense (403).
2. If sewer operations are nonregulated, do not report sewer depreciation on this schedule.
3. Report the Depreciation Expense on Meters charged to sewer operations as an addition in the Water column.
If the sewer is also a regulated utility by the PSC, report an equal amount as a reduction in the Sewer column.
4. Report all other accruals charged to other accounts, such as to clearing accounts.

Particulars (a)	Water (b)	(c)	(d)	(e)	Total (f)	
Balance first of year	25,757				25,757	1
Credits During Year						2
Accruals:						3
Charged depreciation expense (403)	2,224				2,224	4
Depreciation expense on meters						5
charged to sewer (see Note 3)					0	6
Accruals charged other						7
accounts (specify):						8
					0	9
Salvage					0	10
Other credits (specify):						11
					0	12
Total credits	2,224	0	0	0	2,224	13
Debits during year						14
Book cost of plant retired					0	15
Cost of removal					0	16
Other debits (specify):						17
					0	18
Total debits	0	0	0	0	0	19
Balance End of Year	27,981	0	0	0	27,981	20
Composite Depreciation Rate?	Yes					21
If yes, what is the rate?	1.59%					22

NET NONUTILITY PROPERTY (ACCTS. 121 & 122)

1. Report separately each item of property with a book cost of \$5,000 or more included in account 121.
2. Other items may be grouped by classes of property.
3. Describe in detail any investment in sewer department carried in this account.

Description (a)	Balance First of Year (b)	Additions During Year (c)	Deductions During Year (d)	Balance End of Year (e)	
Nonregulated sewer plant				0	1
Other (specify):					
SEWER COLLECTION SYSTEM	218,505	1,000		219,505	2
Audit Adjustment			100	(100)	3
Total Nonutility Property (121)	218,505	1,000	100	219,405	
Less accum. prov. depr. & amort. (122)	67,415	3,495		70,910	4
Net Nonutility Property	151,090	(2,495)	100	148,495	

ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS-CR. (ACCT. 144)

Particulars (a)	Amount (b)
Balance first of year	1
Additions:	
Provision for uncollectibles during year	2
Collection of accounts previously written off: Utility Customers	3
Collection of accounts previously written off: Others	4
Total Additions	<u>0</u>
Deductions:	
Accounts written off during the year: Utility Customers	5
Accounts written off during the year: Others	6
Total accounts written off	<u>0</u>
Balance end of year	<u><u>0</u></u>

MATERIALS AND SUPPLIES

Account (a)	Generation (b)	Transmission (c)	Distribution (d)	Other (e)	Total End of Year (f)	Amount Prior Year (g)
Electric Utility						
Fuel for generation					0	1
Other					0	2
Total Electric Utility					<u>0</u>	<u>0</u>

Account	Total End of Year	Amount Prior Year	
Electric utility total	0	0	1
Water utility			2
Sewer utility			3
Gas utility			4
Merchandise			5
Other materials & supplies			6
Total Materials and Supplies	<u>0</u>	<u>0</u>	

UNAMORTIZED DEBT DISCOUNT & EXPENSE & PREMIUM ON DEBT (ACCTS. 181 AND 251)

Report net discount and expense or premium separately for each security issue.

Debt Issue to Which Related (a)	Written Off During Year		Balance End of Year (d)	
	Amount (b)	Account Charged or Credited (c)		
Unamortized debt discount & expense (181)				
BLANK	389	389	1	1
Total			<u>1</u>	
Unamortized premium on debt (251)				
NONE				2
Total			<u>0</u>	

CAPITAL PAID IN BY MUNICIPALITY (ACCT. 200)

Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D, sewer and privates) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.

Particulars (a)	Amount (b)	
Balance first of year	10,936	1
Changes during year (explain):		
NONE		2
Balance end of year	10,936	

BONDS (ACCT. 221)

1. Report hereunder information required for each separate issue of bonds.
2. If there is more than one interest rate for an aggregate obligation issue, average the interest rates and report one rate.
3. Proceeds advanced by the municipality from sale of general obligation bonds, if repayable by utility, should be included in account 223.

Description of Issue (a)	Date of Issue (b)	Final Maturity Date (c)	Interest Rate (d)	Principal Amount End of Year (e)	
WATER & MORT. REV. BONDS	08/01/1977	02/01/2016	5.00%	1	1
Total Bonds (Account 221):				1	

NOTES PAYABLE & MISCELLANEOUS LONG-TERM DEBT

1. Report each class of debt included in Accounts 223, 224 and 231.
2. Proceeds of general obligation issues, if subject to repayment by the utility, should be included in Account 223.
3. If there is more than one interest rate for an aggregate obligation issue, average the interest rates and report one rate.

Account and Description of Obligation (a and b)	Date of Issue (c)	Final Maturity Date (d)	Interest Rate (e)	Principal Amount End of Year (f)
--	----------------------------------	--	----------------------------------	---

NONE

TAXES ACCRUED (ACCT. 236)

Particulars (a)	Amount (b)
Balance first of year	1
Accruals:	
Charged water department expense	2
Charged electric department expense	3
Charged sewer department expense	4
Other (explain):	5
Total Accruals and other credits	<u>0</u>
Taxes paid during year:	
County, state and local taxes	6
Social Security taxes	7
PSC Remainder Assessment	8
Other (explain):	9
Total payments and other debits	<u>0</u>
Balance end of year	<u><u>0</u></u>

INTEREST ACCRUED (ACCT. 237)

1. Report below interest accrued on each utility obligation.
2. Report Customer Deposits under Account 231.

Description of Issue (a)	Interest Accrued Balance First of Year (b)	Interest Accrued During Year (c)	Interest Paid During Year (d)	Interest Accrued Balance End of Year (e)	
Bonds (221)					
MORTGAGE REVENUE BONDS	625		625	0	1
Subtotal	625	0	625	0	
Advances from Municipality (223)					
NONE				0	2
Subtotal	0	0	0	0	
Other long-Term Debt (224)					
NONE		1,066	1,066	0	3
Subtotal	0	1,066	1,066	0	
Notes Payable (231)					
NONE				0	4
Subtotal	0	0	0	0	
Total	625	1,066	1,691	0	

CONTRIBUTIONS IN AID OF CONSTRUCTION (ACCOUNT 271)

Particulars (a)	Water (b)	Electric		Sewer (e)	Gas (f)	Total (g)	
		Distribution (c)	Other (d)				
Balance First of Year	193,938					193,938	1
Add credits during year:							
For Services						0	2
For Mains						0	3
Other (specify):							
NONE						0	4
Deduct charges (specify):							
NONE						0	5
Balance End of Year	193,938	0	0	0	0	193,938	
Amount of federal and state grants in aid received for utility construction included in End of Year totals						0	6

BALANCE SHEET END-OF-YEAR ACCOUNT BALANCES

Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.

Particulars (a)	Balance End of Year (b)	
Investment in Municipality (123):		
NONE		1
Total (Acct. 123):	0	
Other Investments (124):		
NONE		2
Total (Acct. 124):	0	
Special Funds (125):		
SINKING ACCOUNT	4,047	3
BOND & INTEREST REDEMPTION	2,669	4
BOND DEPRECIATION ACCOUNT	5,450	5
Total (Acct. 125):	12,166	
Notes Receivable (141):		
NONE		6
Total (Acct. 141):	0	
Customer Accounts Receivable (142):		
Water	1,520	7
Electric		8
Sewer (Regulated)		9
Other (specify):		
NONE		10
Total (Acct. 142):	1,520	
Other Accounts Receivable (143):		
Sewer (Non-regulated)	5,773	11
Merchandising, jobbing and contract work		12
Other (specify):		
NONE		13
Total (Acct. 143):	5,773	
Receivables from Municipality (145):		
NONE		14
Total (Acct. 145):	0	
Prepayments (165):		
PREPAID INSURANCE	676	15
Total (Acct. 165):	676	
Extraordinary Property Losses (182):		
NONE		16
Total (Acct. 182):	0	

BALANCE SHEET END-OF-YEAR ACCOUNT BALANCES

Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.

Particulars (a)	Balance End of Year (b)
Other Deferred Debits (183):	
NONE	17
Total (Acct. 183):	0
Payables to Municipality (233):	
NONE	18
Total (Acct. 233):	0
Other Deferred Credits (253):	
NONE	19
Total (Acct. 253):	0

RETURN ON RATE BASE COMPUTATION

1. The data used in calculating rate base are averages.
2. Calculate those averages by summing the first-of-year and the end-of-year figures for each account and then dividing the sum by two.
3. Note: Do not include property held for future use or construction work in progress with utility plant in service. These are not rate base components.

Average Rate Base (a)	Water (b)	Electric (c)	Sewer (d)	Gas (e)	Total (f)	
Add Average:						
Utility Plant in Service	139,384	0	0	0	139,384	1
Materials and Supplies	0	0	0	0	0	2
Other (specify):					0	3
Less Average:						
Reserve for Depreciation	26,869	0	0	0	26,869	4
Customer Advances for Construction					0	5
Contributions in Aid of Construction	193,938	0	0	0	193,938	6
Other (specify):					0	7
Average Net Rate Base	(81,423)	0	0	0	(81,423)	
Net Operating Income	1,108	0	0	0	1,108	8
Net Operating Income as a percent of						
Average Net Rate Base	N/A	N/A	N/A	N/A	N/A	

RETURN ON PROPRIETARY CAPITAL COMPUTATION

1. The data used in calculating proprietary capital are averages.
2. Calculate those averages by summing the first-of-year and end-of-year figures for each account and then dividing by two.

Description (a)	Amount (b)	
Average Proprietary Capital		
Capital Paid in by Municipality	10,936	1
Appropriated Earned Surplus	0	2
Unappropriated Earned Surplus	133,611	3
Other (Specify):		4
Total Average Proprietary Capital	144,547	
Net Income		
Net Income	28,498	5
Percent Return on Proprietary Capital	19.72%	

IMPORTANT CHANGES DURING THE YEAR

Report changes of any of the following types:

1. Acquisitions.

PURCHASE OF DUPLEX PUMP CONTROLLER FOR \$1,002.
PURCHASE OF SEWER IMPROVEMENTS FOR \$900.

2. Leaseholder changes.

3. Extensions of service.

4. Estimated changes in revenues due to rate changes.

5. Obligations incurred or assumed, excluding commercial paper.

6. Formal proceedings with the Public Service Commission.

7. Any additional matters.

FINANCIAL SECTION FOOTNOTES

Identification and Ownership (Page iv)

Report filed manually by utility. Revised to conform to system, keyed & edited by PSC staff.

6/8/98.

PJL

July 2, 1998

Ms. Agnes Yanke, Secretary
Portland Sanitary District #1
P.O. Box 142
Waterloo, WI 53594-0142

Re: 1997 Analytical Review DWCCA-4775-PJL

Dear Ms. Yanke:

The Public Service Commission (Commission) is in the process of completing an analytical review of your utility's 1997 annual report. The purposes of an analytical review are to detect possible reporting or accounting related errors and to identify significant fluctuations from established trends in reported data not sufficiently explained in the annual report. It is our hope that our review will supply information that will enable us to better provide guidance to your utility regarding proper utility accounting and the preparation of future annual reports. In order to complete this review, we request the following information:

1. During our review we noted that the Water Utility Plant in Service schedule on pages W-8 and W-9 was incomplete. We subsequently spoke with Charlene Yardley at the office of William Smith & Associates and she faxed an updated copy of that schedule. However, we note that the 140.00 reported for both the first of year and end of year balance for account 379, Other General Equipment, on line 38 of copy 2 of both pages W-8 and W-9, is not included in either the Total utility plant in service directly assignable line or the Total utility plant line. Please explain and provide a corrected copy of the Water Utility Plant in Service schedule as well as all related annual report corrections including the balance sheet, the Net Utility Plant schedule on page F-6, and the Return On Rate Base Computation on page F-19.

Please also note that in the Water Utility Plant In Service schedule, column f, for adjustments, is to be used only for non-current year additions or retirements, and so should not include any numbers already reported in columns c or e.

2. During our review we noted that while you report 1,066 for interest on long term debt for the year in column b of line 14 of the Income Statement on page F-1, you do not report any interest accrued during the year for account 224, Other long-term debt, in column c of the Interest Accrued schedule on page F-16. Please explain and provide all related annual report corrections.

FINANCIAL SECTION FOOTNOTES

3. Please note head note number 4 at the top of the Meters schedule on page W-16 which explains that the total for column f by size should equal the total for column o by size. On our copy of page W-16, there was a difference in the number of " meters. Please provide a corrected copy of page W-16.

4. Please explain why there is no PSC remainder assessment reported on line 4 of the Taxes schedule on page W-6.

5. The Commission is now using a computerized system to build an annual report data base. It is, therefore, important to have a complete and correct annual report. The following changes have been made in our copy of your annual report. Please confirm these changes or indicate the necessary corrections:

Page	Lines	Column	Reported As	Should Be
------	-------	--------	-------------	-----------

W-10	16	E	Blank	3,041
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W-14	2 & 4	A	DI	M
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W-15	2 & 4	A	C	M
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We appreciate your cooperation in providing the above information. These recommendations are intended to provide accounting assistance and should not be construed as criticisms of utility personnel. If you have any questions, please feel free to contact me at (608) 267-9198. Please respond within 30 days of this letter. If we have no questions regarding your response, you can consider the review closed.

Sincerely,

Peter J. Leege
Financial Specialist
Division of Water, Compliance, and Consumer Affairs

pjl:mlo:W:\COMPL\LEEGE\4775 ar

WATER OPERATING REVENUES & EXPENSES

Particulars (a)	Amounts (b)	
Operating Revenues		
Sales of Water		
Sales of Water (460-467)	11,047	1
Total Sales of Water	11,047	
Other Operating Revenues		
Forfeited Discounts (470)	0	2
Other Water Revenues (474)	0	3
Amortization of Construction Grants (475)	0	4
Total Other Operating Revenues	0	
Total Operating Revenues	11,047	
Operation and Maintenance Expenses		
Plant Operation and Maintenance Expenses (600-660)	2,329	5
General Operating Expenses (680-690)	5,386	6
Total Operation and Maintenance Expenses	7,715	
Other Operating Expenses		
Depreciation Expense (403)	2,224	7
Amortization Expense (404)		8
Taxes (408)	0	9
Total Other Operating Expenses	2,224	
Total Operating Expenses	9,939	
NET OPERATING INCOME	1,108	

WATER OPERATING REVENUES - SALES OF WATER

1. Where customer meters record cubic feet, multiply by 7.48 to obtain number of gallons.
2. Report estimated gallons for unmetered sales.
3. Sales to multiple dwelling buildings through a single meter serving 3 or more family units should be classified commercial.
4. Bulk sales should be account 460.

Particulars (a)	Average No. Customers (b)	Thousands of Gallons of Water Sold (c)	Amounts (d)	
Operating Revenues				
Sales of Water				
Unmetered Sales to General Customers (460)				
Residential				1
Commercial				2
Industrial				3
Total Unmetered Sales to General Customers (460)	0	0	0	
Metered Sales to General Customers (461)				
Residential	57	2,634	9,910	4
Commercial	5	385	1,137	5
Industrial				6
Total Metered Sales to General Customers (461)	62	3,019	11,047	
Private Fire Protection Service (462)				7
Public Fire Protection Service (463)				8
Other Sales to Public Authorities (464)				9
Sales to Irrigation Customers (465)				10
Sales for Resale (466)		0	0	11
Interdepartmental Sales (467)				12
Total Sales of Water	62	3,019	11,047	

SALES FOR RESALE (ACCT. 466)

Use a separate line for each delivery point.

Customer Name (a)	Point of Delivery (b)	Thousands of Gallons Sold (c)	Revenues (d)
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NONE

OTHER OPERATING REVENUES (WATER)

1. Report revenues relating to each account and fully describe each item using other than the account title.
2. Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D and privates) and all other lesser amounts grouped as Miscellaneous.
3. For a combined utility which also provides sewer service that is based upon water readings, report the return on net investment in meters charged to sewer department in Other Water Revenues (474).

Particulars (a)	Amount (b)	
Public Fire Protection Service (463):		
Amount billed (usually per rate schedule F-1)		1
Wholesale fire protection billed		2
Amount billed for fighting fires outside utility's service areas (usually per rate schedule F-2 or BW-1)		3
Other (specify):		4
Total Public Fire Protection Service (463)	0	
Forfeited Discounts (470):		
Customer late payment charges		5
Other (specify):		6
Total Forfeited Discounts (470)	0	
Other Water Revenues (474):		
Return on net investment in meters charged to sewer department		7
Other (specify):		8
Total Other Water Revenues (474)	0	
Amortization of Construction Grants (475):		
Total Amortization of Construction Grants (475)	0	9

WATER OPERATION & MAINTENANCE EXPENSES

Each expense account that has an increase or a decrease when compared to the previous year of greater than 30 percent, but not less than \$2,000, shall be fully explained in the schedule footnotes.

Particulars (a)	Amount (b)	
PLANT OPERATION AND MAINTENANCE EXPENSES		
Salaries and Wages (600)		1
Purchased Water (610)	2,329	2
Fuel or Power Purchased for Pumping (620)		3
Chemicals (630)		4
Supplies and Expenses (640)		5
Repairs of Water Plant (650)		6
Transportation Expenses (660)		7
Total Plant Operation and Maintenance Expenses	2,329	
GENERAL OPERATING EXPENSES		
Administrative and General Salaries (680)		8
Office Supplies and Expenses (681)	158	9
Outside Services Employed (682)	1,980	10
Insurance Expense (684)	953	11
Employees Pensions and Benefits (686)		12
Regulatory Commission Expenses (688)		13
Miscellaneous General Expenses (689)	2,295	14
Uncollectible Accounts (690)		15
Total General Operating Expenses	5,386	
Total Operation and Maintenance Expenses	7,715	

TAXES (ACCT. 408 - WATER)

When allocation of taxes is made between departments, explain method used.
--

Description of Tax (a)	Method Used to Allocate Between Departments (b)	Amount (c)
Property Tax Equivalent		1
Less: Local and School Tax Equivalent on Meters Charged to Sewer Department		2
Net property tax equivalent		0
Social Security		3
PSC Remainder Assessment		4
Other (specify):		5
Total tax expense		0

WATER UTILITY PLANT IN SERVICE

1. All adjustments, corrections and reclassifications should be reported in Column (f), Adjustments.
2. Explain fully as a schedule footnote the nature of all entries reported in Column (f), Adjustments.
3. Explain as a schedule footnote the dollar additions and retirements reported in Columns (c) and (e) for each account over \$10,000 not supported by statistical schedules.
4. Use only the account titles listed. If the utility has subaccounts other than account 372.1, combine them into one total and detail by subaccount as a schedule footnote.

Accounts (a)	Balance First of Year (b)	Additions During Year (c)	
INTANGIBLE PLANT			
Organization (301)			1
Franchises and Consents (302)			2
Miscellaneous Intangible Plant (303)			3
Total Intangible Plant	<u>0</u>	<u>0</u>	
 SOURCE OF SUPPLY PLANT			
Land and Land Rights (310)			4
Structures and Improvements (311)			5
Collecting and Impounding Reservoirs (312)			6
Lake, River and Other Intakes (313)			7
Wells and Springs (314)			8
Infiltration Galleries and Tunnels (315)			9
Supply Mains (316)			10
Other Water Source Plant (317)			11
Total Source of Supply Plant	<u>0</u>	<u>0</u>	
 PUMPING PLANT			
Land and Land Rights (320)			12
Structures and Improvements (321)			13
Boiler Plant Equipment (322)			14
Other Power Production Equipment (323)			15
Steam Pumping Equipment (324)			16
Electric Pumping Equipment (325)			17
Diesel Pumping Equipment (326)			18
Hydraulic Pumping Equipment (327)			19
Other Pumping Equipment (328)			20
Total Pumping Plant	<u>0</u>	<u>0</u>	
 WATER TREATMENT PLANT			
Land and Land Rights (330)			21
Structures and Improvements (331)			22
Water Treatment Equipment (332)			23
Total Water Treatment Plant	<u>0</u>	<u>0</u>	
 TRANSMISSION AND DISTRIBUTION PLANT			
Land and Land Rights (340)			24
Structures and Improvements (341)			25

WATER UTILITY PLANT IN SERVICE (cont.)

Accounts (d)	Retirements During Year (e)	Adjustments Increase or (Decrease) (f)	Balance End of Year (g)
INTANGIBLE PLANT			
Organization (301)			0 1
Franchises and Consents (302)			0 2
Miscellaneous Intangible Plant (303)			0 3
Total Intangible Plant	0	0	0
SOURCE OF SUPPLY PLANT			
Land and Land Rights (310)			0 4
Structures and Improvements (311)			0 5
Collecting and Impounding Reservoirs (312)			0 6
Lake, River and Other Intakes (313)			0 7
Wells and Springs (314)			0 8
Infiltration Galleries and Tunnels (315)			0 9
Supply Mains (316)			0 10
Other Water Source Plant (317)			0 11
Total Source of Supply Plant	0	0	0
PUMPING PLANT			
Land and Land Rights (320)			0 12
Structures and Improvements (321)			0 13
Boiler Plant Equipment (322)			0 14
Other Power Production Equipment (323)			0 15
Steam Pumping Equipment (324)			0 16
Electric Pumping Equipment (325)			0 17
Diesel Pumping Equipment (326)			0 18
Hydraulic Pumping Equipment (327)			0 19
Other Pumping Equipment (328)			0 20
Total Pumping Plant	0	0	0
WATER TREATMENT PLANT			
Land and Land Rights (330)			0 21
Structures and Improvements (331)			0 22
Water Treatment Equipment (332)			0 23
Total Water Treatment Plant	0	0	0
TRANSMISSION AND DISTRIBUTION PLANT			
Land and Land Rights (340)			0 24
Structures and Improvements (341)			0 25

WATER UTILITY PLANT IN SERVICE

1. All adjustments, corrections and reclassifications should be reported in Column (f), Adjustments.
2. Explain fully as a schedule footnote the nature of all entries reported in Column (f), Adjustments.
3. Explain as a schedule footnote the dollar additions and retirements reported in Columns (c) and (e) for each account over \$10,000 not supported by statistical schedules.
4. Use only the account titles listed. If the utility has subaccounts other than account 372.1, combine them into one total and detail by subaccount as a schedule footnote.

Accounts (a)	Balance First of Year (b)	Additions During Year (c)	
TRANSMISSION AND DISTRIBUTION PLANT			
Distribution Reservoirs and Standpipes (342)			26
Transmission and Distribution Mains (343)	105,233		27
Fire Mains (344)			28
Services (345)	13,135		29
Meters (346)	13,954	1,002	30
Hydrants (348)	6,421		31
Other Transmission and Distribution Plant (349)			32
Total Transmission and Distribution Plant	138,743	1,002	
GENERAL PLANT			
Land and Land Rights (370)			33
Structures and Improvements (371)			34
Office Furniture and Equipment (372)			35
Computer Equipment (372.1)			36
Transportation Equipment (373)			37
Other General Equipment (379)	140		38
Other Tangible Property (390)			39
Total General Plant	140	0	
Total utility plant in service directly assignable	138,883	1,002	
Common Utility Plant Allocated to Water Department			40
Total utility plant in service	138,883	1,002	

WATER UTILITY PLANT IN SERVICE (cont.)

Accounts (d)	Retirements During Year (e)	Adjustments Increase or (Decrease) (f)	Balance End of Year (g)
TRANSMISSION AND DISTRIBUTION PLANT			
Distribution Reservoirs and Standpipes (342)			0 26
Transmission and Distribution Mains (343)			105,233 27
Fire Mains (344)			0 28
Services (345)			13,135 29
Meters (346)			14,956 30
Hydrants (348)			6,421 31
Other Transmission and Distribution Plant (349)			0 32
Total Transmission and Distribution Plant	0	0	139,745
GENERAL PLANT			
Land and Land Rights (370)			0 33
Structures and Improvements (371)			0 34
Office Furniture and Equipment (372)			0 35
Computer Equipment (372.1)			0 36
Transportation Equipment (373)			0 37
Other General Equipment (379)			140 38
Other Tangible Property (390)			0 39
Total General Plant	0	0	140
Total utility plant in service directly assignable	0	0	139,885
Common Utility Plant Allocated to Water Department			0 40
Total utility plant in service	0	0	139,885

SOURCE OF SUPPLY, PUMPING AND PURCHASED WATER STATISTICS

Month (a)	Sources of Water Supply			Total Gallons All Methods (000's) (e)	
	Purchased Water Gallons (000's) (b)	Surface Water Gallons (000's) (c)	Ground Water Gallons (000's) (d)		
January	316			316	1
February	227			227	2
March	196			196	3
April	267			267	4
May	240			240	5
June	311			311	6
July	241			241	7
August	255			255	8
September	261			261	9
October	244			244	10
November	254			254	11
December	225			225	12
Total for year	3,037	0	0	3,037	
Less: Measured or estimated water used in main flushing and water treatment during year					13
Less: Other utility use					14
Other utility use explanation:					15
Water pumped into distribution system				3,037	16
Less: Water sold				3,019	17
Losses and unaccounted for				18	18
Percent unaccounted for to the nearest whole percent (%)				1%	19
If more than 25%, indicate causes and state what action has been taken to reduce water loss:					20
Maximum gallons pumped by all methods in any one day during reporting year					21
Date of maximum:					22
Cause of maximum:					23
Minimum gallons pumped by all methods in any one day during reporting year					24
Date of minimum:					25
Total KWH used for pumping for the year				1	26
If water is purchased: Vendor Name: WATERLOO WATER & LIGHT					27
Point of Delivery: WATERLOO WATER & LIGHT PLANT					28

SOURCES OF WATER SUPPLY - GROUND WATERS

Location (a)	Identification Number (b)	Depth in feet (c)	Well Diameter in inches (d)	Yield Per Day in gallons (e)	Currently In Service? (f)
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NONE

SOURCES OF WATER SUPPLY - SURFACE WATERS

Location (a)	Identification Number (b)	Intakes		
		Distance From Shore in feet (c)	Depth Below Surface in feet (d)	Diameter in inches (e)

NONE

PUMPING & POWER EQUIPMENT

1. Use a separate column for each pump.
2. Indicate purpose of pump by: P for primary (from source to reservoir, treatment or distribution system), B for booster (from reservoir or treatment to distribution system, or within distribution system), or S for standby pumping equipment.
3. Indicate destination (of water pumped) by: R for reservoir, T for treatment or D for distribution system.

Particulars (a)	Unit A (b)	Unit B (c)	Unit C (d)
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NONE

RESERVOIRS, STANDPIPES & WATER TREATMENT

1. Identify as R (reservoir), S (standpipe) & ET (elevated tank).
2. Use a separate column for each using additional copies if necessary.
3. Enter elevation difference between highest water level in S or ET, (or R only on an elevated site) and the water main where the connection to the storage begins branching into the distribution system.

Particulars (a)	Unit A (b)	Unit B (c)	Unit C (d)
----------------------------------	-----------------------------	-----------------------------	-----------------------------

NONE

WATER MAINS

1. Report mains separately by pipe material, function, diameter and either within or outside the municipal boundaries.
2. Identify pipe material as: L (Lead), M (Metal for all other metal excluding lead), A (Asbestos-cement), or P (Plastic for plastic and all other non-metal excluding asbestos-cement).
3. Identify function as: T (Transmission), D (Distribution) or S (Supply).
4. Explain all reported adjustments as a schedule footnote.
5. For main additions reported in column (e), as a schedule footnote:
 - a. Explain how the additions were financed.
 - b. If assessed against property owners, explain the basis of the assessments.
 - c. If the assessments are deferred, explain.

Number of Feet							
Pipe Material (a)	Main Function (b)	Diameter in Inches (c)	First of Year (d)	Added During Year (e)	Retired During Year (f)	Adjustments Increase or (Decrease) (g)	End of Year (h)
M	D	6.000	6,316				6,316
M	D	8.000	2,791				2,791
Total Within Municipality			9,107	0	0	0	9,107
Total Utility			9,107	0	0	0	9,107

1
2

WATER SERVICES

1. Explain all reported adjustments as a schedule footnote.
2. Report in column (h) the number of utility-owned services included in columns (c) through (g) which are temporarily shut off at the curb box or otherwise not in use at end of year.
3. For services added during the year in column (d), as a schedule footnote:
 - a. Explain how the additions were financed.
 - b. If assessed against property owners, explain the basis of the assessments.
 - c. If installed by a property owner or developer, explain the basis of recording the cost of the additions, the total amount and the number of services recorded under this method.
 - d. If any were financed by application of Cz-1, provide the total amount recorded and the number of services recorded under this method.
4. Report services separately by pipe material and diameter.
5. Identify pipe material as: L (Lead), M (Metal for all other metal excluding lead), A (Asbestos-cement) or P (Plastic for plastic and all other non-metal excluding asbestos-cement).

Pipe Material (a)	Diameter in Inches (b)	First of Year (c)	Added During Year (d)	Removed or Permanently Disconnected During Year (e)	Adjustments Increase or (Decrease) (f)	End of Year (g)	Utility Owned Services Not In Use at End of Year (h)	
M	0.750	61				61		1
M	1.000	7				7		2
Total Utility		68	0	0	0	68	0	

METERS

1. Include in Columns (b), (c), (d), (e) and (f) meters in stock as well as those in service.
2. Report in Column (c) all meters purchased during the year and in Column (d) all meters junked, sold or otherwise permanently retired during the year.
3. Use Column (e) to show correction to previously reported meter count because of inventory or property record corrections.
4. Totals by size in Column (f) should equal same size totals in Column (o).

Number of Utility-Owned Meters

Size of Meter (a)	First of Year (b)	Added During Year (c)	Retired During Year (d)	Adjustments Increase or (Decrease) (e)	End of Year (f)	Tested During Year (g)	
0.625	110				110	25	1
1.000	1				1		2
Total:	111	0	0	0	111	25	

Classification of All Meters at End of Year by Customers

Size of Meter (h)	Residential (i)	Commercial (j)	Industrial (k)	Public Authority (l)	Wholesale, Inter-Department or Utility Use (m)	In Stock and Deduct Meters (n)	Total (o)	
0.625	63	5				42	110	1
1.000						1	1	2
Total:	63	5	0	0	0	43	111	

HYDRANTS AND DISTRIBUTION SYSTEM VALVES

1. Distinguish between fire and flushing hydrants by lead size.
 - a. Fire hydrants normally have a lead size of 6 inches or greater.
 - b. Record as a flushing hydrant where the lead size is less than 6 inches or if pressure is inadequate to provide fire flow.
2. Explain all reported adjustments in the schedule footnotes.
3. Report fire hydrants as within or outside the municipal boundaries.

Hydrant Type (a)	Number In Service First of Year (b)	Added During Year (c)	Removed During Year (d)	Adjustments Increase or (Decrease) (e)	Number In Service End of Year (f)	
Fire Hydrants						
Outside of Municipality					0	1
Within Municipality	3				3	2
Total Fire Hydrants	3	0	0	0	3	
Flushing Hydrants						
	2				2	3
Total Flushing Hydrants	2	0	0	0	2	

Wis. Admin. Code § 185.87 requires that a schedule shall be adopted and followed for operating each system valve and hydrant at least once each two years. Report the number operated during the year

Number of hydrants operated during year:	5
Number of distribution system valves end of year:	5
Number of distribution valves operated during year:	5

WATER OPERATING SECTION FOOTNOTES

NONE